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Westports Holdings Berhad

(Company No. 262761-A)

(Incorporated in Malaysia)

**Quarterly Financial Report for the
Third Quarter Ended 30 September 2019**

Westports Holdings Berhad (262761-A)
(Incorporated in Malaysia)

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Westports Holdings Berhad (262761-A)
(Incorporated in Malaysia)

**Condensed Consolidated Statement of Profit or Loss and
Other Comprehensive Income**

For The Period Ended 30 September 2019

These figures have not been audited

	3 months ended			9 months ended		
	30.09.2019 RM'000	30.09.2018 RM'000	Changes %	30.09.2019 RM'000	30.09.2018 RM'000	Changes %
Revenue	460,430	417,552	10%	1,330,070	1,196,679	11%
Cost of sales	(175,621)	(171,568)	2%	(501,951)	(498,045)	1%
Gross profit	284,809	245,984	16%	828,119	698,634	19%
Other income	3,753	3,111	21%	9,904	7,916	25%
Administrative expenses	(7,546)	(4,175)	81%	(20,495)	(14,101)	45%
Other expenses	(51,356)	(41,673)	23%	(144,040)	(122,683)	17%
Results from operating activities	229,660	203,247	13%	673,488	569,766	18%
Finance income	4,710	2,326	102%	11,181	8,155	37%
Finance costs	(23,059)	(23,412)	-2%	(68,874)	(70,552)	-2%
Profit before tax	211,311	182,161	16%	615,795	507,369	21%
Tax expense	(52,075)	(39,839)	31%	(150,338)	(119,437)	26%
Total comprehensive income for the period attributable to owners of the Company	159,236	142,322	12%	465,457	387,932	20%
Basic earnings per ordinary share (sen)	4.67	4.17	12%	13.65	11.38	20%

The unaudited condensed consolidated statement of profit or loss and other comprehensive income should be read in conjunction with the Annual Audited Financial Statements of the Group for the financial year ended 31 December 2018 and the accompanying explanatory notes attached to the unaudited condensed consolidated interim financial statements.

Westports Holdings Berhad (262761-A)
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Condensed Consolidated Statement of Financial Position
As At 30 September 2019

	Unaudited	Audited
	As at	As at
	30.09.2019	31.12.2018
	RM'000	RM'000
Non-current assets		
Property, plant and equipment	1,720,554	1,776,807
Concession assets	2,376,973	2,429,240
Right-of-use assets	75,723	-
Total non-current assets	4,173,250	4,206,047
Current assets		
Inventories	6,584	6,146
Trade and other receivables	395,628	431,176
Cash and short term investments	603,727	444,051
Total current assets	1,005,939	881,373
Total assets	5,179,189	5,087,420
Equity		
Share capital	1,038,000	1,038,000
Reserves	1,396,856	1,377,086
Total equity	2,434,856	2,415,086
Non-current liabilities		
Borrowings	1,300,000	1,400,000
Trade and other payables	-	589
Employee benefits	9,650	9,855
Deferred tax liabilities	361,567	373,495
Service concession obligation	231,294	261,111
Lease liabilities	47,176	-
Total non-current liabilities	1,949,687	2,045,050
Current liabilities		
Borrowings	100,000	100,000
Trade and other payables	175,946	177,190
Provisions	402,012	290,608
Tax payable	45,701	16,447
Service concession obligation	40,577	43,039
Lease liabilities	30,410	-
Total current liabilities	794,646	627,284
Total liabilities	2,744,333	2,672,334
Total equity and liabilities	5,179,189	5,087,420

The unaudited condensed consolidated statement of financial position should be read in conjunction with the Annual Audited Financial Statements of the Group for the financial year ended 31 December 2018 and the accompanying explanatory notes attached to the unaudited condensed consolidated interim financial statements.

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Condensed Consolidated Statement of Changes in Equity

For The Period Ended 30 September 2019

These figures have not been audited

	Attributable to the owners of the Company			Total RM'000
	Non-distributable Share Capital RM'000	Goodwill Written off Reserve RM'000	Distributable Retained Earnings RM'000	
At 1 January 2018	1,038,000	(47,732)	1,284,413	2,274,681
Profit for the period	-	-	387,932	387,932
Total comprehensive income for the period	-	-	387,932	387,932
<i>Distributions to owners of the Company</i>				
- Dividends	-	-	(455,235)	(455,235)
Total transactions with owners of the Company	-	-	(455,235)	(455,235)
At 30 September 2018	<u>1,038,000</u>	<u>(47,732)</u>	<u>1,217,110</u>	<u>2,207,378</u>
At 1 January 2019	1,038,000	(47,732)	1,424,818	2,415,086
Profit for the period	-	-	465,457	465,457
Total comprehensive income for the period	-	-	465,457	465,457
<i>Distributions to owners of the Company</i>				
- Dividends	-	-	(445,687)	(445,687)
Total transactions with owners of the Company	-	-	(445,687)	(445,687)
At 30 September 2019	<u>1,038,000</u>	<u>(47,732)</u>	<u>1,444,588</u>	<u>2,434,856</u>

The unaudited condensed consolidated statement of changes in equity should be read in conjunction with the Annual Audited Financial Statements of the Group for the financial year ended 31 December 2018 and the accompanying explanatory notes attached to the unaudited condensed consolidated financial statements.

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Condensed Consolidated Statement of Cash Flows

For The Period Ended 30 September 2019

These figures have not been audited

	9 months ended	
	30.09.2019	30.09.2018
	RM'000	RM'000
Cash flows from operating activities		
Profit before tax	615,795	507,369
Adjustments for :		
Amortisation of concession assets	61,095	61,093
Depreciation of right-of-use assets	27,198	-
Depreciation of property, plant and equipment	102,557	97,708
Dredging expenditure	8,094	1,562
Finance costs - accretion of service concession obligation	11,976	13,283
Finance costs - right-of-use assets	3,395	-
Finance costs - borrowings	53,503	57,269
Finance income	(11,181)	(8,155)
Provision for retirement benefits	(64)	417
Gain on disposal of property, plant and equipment	-	(716)
Property, plant and equipment written off	10	-
Impairment loss on trade receivables	440	592
Reversal of impairment loss on trade receivables	(401)	(781)
Operating profit before working capital changes	872,417	729,641
Changes in working capital:		
Trade and other receivables, excluding payment for dredging		
Trade and other receivables	33,164	(52,736)
Payment for dredging expenses	(5,750)	(28,547)
Trade and other payables	(9,121)	(184,533)
Inventories	(438)	5,269
Provisions	111,404	(39,277)
Cash generated from operations	1,001,676	429,817
Income tax paid	(133,012)	(38,197)
Interest paid	(46,215)	(55,331)
Retirement benefits paid	(141)	(243)
Net cash generated from operating activities	822,308	336,046
Cash flows from investing activities		
Interest received	11,181	8,155
Purchase of property, plant and equipment	(46,319)	(59,365)
Additions to concession assets	(8,828)	(101,184)
Proceeds from disposal of property, plant and equipment	5	868
Net cash used in investing activities	(43,961)	(151,526)

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Condensed Consolidated Statement of Cash Flows (Continued)

For The Period Ended 30 September 2019

These figures have not been audited

	9 months ended	
	30.09.2019	30.09.2018
	RM'000	RM'000
Cash flows from financing activities		
Fixed deposits pledged for borrowings	(1,069)	(1,014)
Redemption of borrowing-SUKUK	(100,000)	-
Dividends paid to shareholders	(445,687)	(455,235)
Repayment of lease liabilities	(28,730)	-
Annual lease paid for use of port infrastructures and facilities	(44,255)	(38,176)
Net cash used in financing activities	(619,741)	(494,425)
Net increase/(decrease) in cash and cash equivalents	158,606	(309,905)
Cash and cash equivalents at 1 January	406,615	524,244
Cash and cash equivalents at 30 September	565,221	214,339

(a) Cash and cash equivalents included in the statement of cash flows comprise the following statement of financial position amounts:

Cash and bank balances	462,044	114,133
Money market fund	156,046	-
Fixed deposits with licensed banks	(14,363)	137,280
	603,727	251,413
Less : Pledged deposits	(38,506)	(37,074)
	565,221	214,339

(b) Reconciliation of liabilities arising from financing activities

The table below details the reconciliation of the movement of borrowings in the statements of cash flows is as follows:

	Net changes from			30.09.2019 RM'000
	1.1.2019 RM'000	financing cash flows RM'000	Accretion of interest RM'000	
Sukuk MTN	1,500,000	(100,000)	-	1,400,000
Lease liabilities	102,921	(28,730)	3,395	77,586
Service concession obligation	304,150	(44,255)	11,976	271,871
Total liabilities from financing activities	1,907,071	(172,985)	15,371	1,749,457

	Net changes from			30.09.2018 RM'000
	1.1.2018 RM'000	financing cash flows RM'000	Accretion of interest RM'000	
Sukuk MTN	1,500,000	-	-	1,500,000
Service concession obligation	337,341	(38,176)	13,283	312,448
Total liabilities from financing activities	1,837,341	(38,176)	13,283	1,812,448

The unaudited condensed consolidated statement of cash flows should be read in conjunction with the Annual Audited Financial Statements of the Group for the financial year ended 31 December 2018 and the accompanying explanatory notes attached to the unaudited condensed consolidated financial statements.

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**Notes to Condensed Consolidated Interim Financial Statement
for the Third Quarter Ended 30 September 2019**

1. Basis of Preparation

The condensed consolidated interim financial statements have been prepared in accordance with Malaysian Financial Reporting Standards (“MFRSs”) 134 Interim Financial Reporting issued by the Malaysian Accounting Standards Board (“MASB”) and paragraph 9.22 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad (“Bursa Securities”) and the requirements of the Companies Act 2016 in Malaysia. This condensed consolidated interim financial statements also complies with IAS 34: Interim Financial Reporting issued by the International Accounting Standards Board (“IASB”).

The condensed consolidated interim financial statements should be read in conjunction with the annual audited consolidated financial statements for the financial year ended 31 December 2018.

2. Significant Accounting Policies

The accounting policies adopted in these condensed consolidated interim financial statements are consistent with the annual audited consolidated financial statements for the financial year ended 31 December 2018 except for the adoption of the following MFRSs, Amendments to MFRSs and IC interpretation during the current financial period:

- *MFRS 16 Leases*
- *Amendments to MFRS 9 Prepayment Features with Negative Compensation*
- *Amendments to MFRS119 Employee Benefits Plan Amendment, Curtailment or Settlement*
- *Amendments to MFRS 128 Long-term Interest in Associates and Joint Ventures*
- *IC Interpretation 23 Uncertainty over Income Tax Treatments*
- *MFRS 3 Business Combinations and MFRS 11 Joint Arrangements – Previously held interest in a joint operation (Annual improvements to MFRSs 2015-2017 cycle)*
- *MFRS 112 Income Taxes – Income tax consequences of payments on financial instruments classified as equity (Annual improvements to MFRSs 2015-2017 cycle)*
- *MFRS 123 Borrowing Costs – Borrowing costs eligible for capitalization (Annual improvements to MFRSs 2015-2017 cycle)*

The adoption of the above MFRSs, Amendments to MFRSs and IC interpretation did not have any material financial impact on these condensed consolidated interim financial statements.

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As at the date of authorisation of these condensed consolidated financial statements, the following new MFRSs, Amendments to MFRSs and IC Interpretation were issued but not yet effective and have not been applied by the Group:

MFRSs and Amendments to MFRSs and IC interpretation		<i>Effective for annual periods beginning on or after</i>
MFRSs	<i>Amendments to References to the Conceptual Framework in MFRS Standards</i>	01-Jan-20
Amendments to MFRS 3	<i>Definition of a Business</i>	01-Jan-20
Amendments to MFRS 101 and MFRS 108	<i>Definition of Material</i>	01-Jan-20
MFRS 17	<i>Insurance Contracts</i>	01-Jan-21
Amendments to MFRS 10 and MFRS 128	<i>Sale or Contribution of Assets between an investor and its Associate or Joint Venture</i>	Yet to be confirmed

The Group plans to apply the above applicable MFRSs, amendments and interpretations in the respective annual periods based on their effective dates and applicability.

The initial application of the accounting standards, amendments and interpretation are not expected to have any material financial impact on the financial statements of the Group.

3. Qualification of Audit Report for the Preceding Annual Financial Statements

There was no qualification on financial statements prepared for the financial year ended 31 December 2018.

4. Seasonality or Cyclicity of Interim Operations

There has been no material seasonal or cyclical factor affecting the results of the quarter under review.

5. Unusual Items due to their Nature, Size or Incidence

There were no unusual items affecting the assets, liabilities, equity, net income or cash flows because of their nature, size or incidence for the financial period to date.

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6. Changes in Estimates

There were no changes in estimates that have had a material effect for the current quarter and financial period to date.

7. Debt and Equity Securities

There were no issuance, repurchase and repayment of debt and equity securities by the Group for the financial period to date.

8. Dividend Paid

During the financial period, the Company has paid the following dividend:

	RM'000
Second interim dividend of 6.33 sen per ordinary share in respect of financial year ended 31 December 2018 on 1 March 2019	215,853
First interim dividend of 6.74 sen per ordinary share in respect of financial year ending 31 December 2019 on 23 August 2019	<u>229,834</u>
	<u><u>445,687</u></u>

9. Events Subsequent to the End of the Financial Period

There were no other material events subsequent to quarter under review that have not been reflected in the quarterly financial statements.

10. Segmental Information

The Group has identified the business of port development and management of port operations as its sole operating segment.

The Board of Directors does not consider investment holding activities as a reportable operating segment. For the purpose of segmental reporting, non-reportable segment relates to administrative expenses of the holding company.

No segmental information is provided on a geographical basis as the Group's activities are carried out predominantly in Malaysia.

Performance is measured based on segment profit before finance income, finance cost and taxation as included in the internal management reports that are reviewed by the Board of Directors.

Segment assets

Segment assets information is not presented regularly to the Board of Directors and hence, no disclosure is made on segment assets.

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Segment liabilities

Segment liabilities information is not presented regularly to the Board of Directors and hence, no disclosure is made on segment liabilities.

	Port development and management of port operations			
	3 months ended		9 months ended	
	30.09.2019	30.09.2018	30.09.2019	30.09.2018
	RM'000	RM'000	RM'000	RM'000
Profit				
Reportable segment profit	230,180	203,919	675,335	571,739
<i>Included in the measure of segment profit are :</i>				
Revenue - external customer	460,430	417,552	1,330,070	1,196,679
Amortisation of concession assets	(20,286)	(20,467)	(61,095)	(61,093)
Depreciation of property, plant and equipment	(34,372)	(33,720)	(102,557)	(97,708)
Gain on disposal of property, plant and equipment	-	340	-	716
Impairment of trade receivable	(262)	(269)	(440)	(592)
Reversal of Impairment of trade receivable	229	242	401	781

Reconciliation of reportable segment profit and revenue

Profit				
Reportable segment	230,180	203,919	675,335	571,739
Non-reportable segment	(520)	(672)	(1,847)	(1,973)
Finance income	4,710	2,326	11,181	8,155
Finance costs	(23,059)	(23,412)	(68,874)	(70,552)
Consolidated profit before tax	<u>211,311</u>	<u>182,161</u>	<u>615,795</u>	<u>507,369</u>
Revenue				
Reportable segment	460,430	417,552	1,330,070	1,196,679
Non-reportable segment	-	-	-	-
Consolidated revenue	<u>460,430</u>	<u>417,552</u>	<u>1,330,070</u>	<u>1,196,679</u>

11. Changes in Composition of the Group

There were no changes in the composition of the Group during the current quarter under review.

12. Contingent Liabilities

	As at	As at
	30.09.2019	30.09.2018
	RM'000	RM'000
Claims related to Bills of Demand issued by the Royal Malaysian Customs Department	35,355	35,355
Bank guarantees (unsecured)	<u>6,765</u>	<u>12,124</u>

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The subsidiary, Westports Malaysia Sdn Bhd (“WMSB”), was subjected to Port Clearance Audit by the Royal Malaysian Customs Department (“Customs”) on 23 November 2016.

The Customs had issued several Bills of Demand which were dated between 17 July 2017 and 29 December 2017 totalling to RM59,508,000. The Bills of Demand included, inter alia, assessments for the years 2008 to 2011, import duty remittance for purchases of equipment and Goods and Services Tax for purchases made after April 2015.

WMSB has been engaging with the Customs and the Ministry of Finance and has also sought additional inputs to provide guidance but received an unfavourable decision from the authorities on 19 December 2017. An appeal is being processed to facilitate the convergence towards an amicable settlement in relation to the Bills of Demand.

The above contingent liability has not been provided and is contingent upon WMSB having an unfavourable outcome.

13. Capital Commitments

The amount of commitments for capital expenditure not provided for in the condensed consolidated interim financial statements as at 30 September 2019 are as follows:

	As at 30.09.2019 RM'000	As at 31.12.2018 RM'000
Capital expenditure commitments:		
Property, plant and equipment and concession assets		
- Authorised and contracted for	<u>52,791</u>	<u>61,704</u>
- Authorised but not contracted for	<u>360,995</u>	<u>-</u>

14. Related Party Transactions

Related party transactions have been entered into in the normal course of business and under negotiated terms. Details of the relationships and transactions between the Group and its significant related parties are as follows:

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<u>Name of Company</u>	<u>Relationship</u>
Pembinaan Redzai Sdn Bhd ("PR")	Corporate shareholder
Cloud Ten Executive Travel & Tours Sdn Bhd ("C10")	Company in which a Director has significant financial interest
Gryss Holdings Sdn Bhd ("GH")	Company in which a Director has significant financial interest
PKT Logistics (M) Sdn Bhd ("PKT")	Company in which a Director has significant financial interest

The transactions incurred for the financial period are as follows:

	3 months ended		9 months ended	
	30.09.2019	30.09.2018	30.09.2019	30.09.2018
	RM'000	RM'000	RM'000	RM'000
PR - Administrative expenses	1	2	7	9
C10 - Flight ticket and accomodation	267	248	920	1,211
GH - Office rental	92	91	276	281
PKT - Revenue and rental income	(1,038)	(1,610)	(2,666)	(3,885)

15. Review of Performance

The summary of the operational results and costs are as follows:

	3 months ended			9 months ended		
	30.09.2019	30.09.2018	Changes	30.09.2019	30.09.2018	Changes
	RM'000	RM'000		RM'000	RM'000	
Revenue as reported	460,430	417,552	10%	1,330,070	1,196,679	11%
Operational revenue	460,430	417,552	10%	1,330,070	1,196,679	11%
Cost of sales as reported	175,621	171,568	2%	501,951	498,045	1%
Operational cost of sales	175,621	171,568	2%	501,951	498,045	1%
Gross Profit	284,809	245,984	16%	828,119	698,634	19%
Profit before interest and tax	229,660	203,247	13%	673,488	569,766	18%
Profit before tax	211,311	182,161	16%	615,795	507,369	21%
Profit after tax	159,236	142,322	12%	465,457	387,932	20%

Quarter Ended 30 September 2019 compared to Quarter Ended 30 September 2018

The Group recorded revenue of RM460.4 million in quarter ended 30 September 2019 ("3Q19"), growth by 10% compared to corresponding period last year ("3Q18"). It was mainly attributed to double digit growth in container volume and the implementation of Container tariff hike with effect from 1 March 2019.

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The Group recorded profit before tax (“PBT”) of RM211.3 million in 3Q19 representing 16% increase compared to 3Q18. The growth in PBT were due to higher gross profit.

The Group profit after tax (“PAT”) of RM159.2 million increased by 12% compared to 3Q18 and was due to similar reasons mentioned above.

Nine Months Ended 30 September 2019 compared to Nine Months Ended 30 September 2018

The Group recorded operational revenue of RM1.330 billion for nine months ended 30 September 2019 (“9M19”), growth by 11% compared to corresponding period last year (“9M18”). It was mainly attributed to growth of container volume and tariff hike with effect from 1 March 2019.

The Group achieved PBT of RM615.8 million in 9M19, increase by 21% compared to 9M18. The growth in PBT were due to higher gross profit.

The Group PAT at RM465.5 million, increase by 20% and was due to similar reasons mentioned above.

16. Changes in the Quarterly Results compared to the Results of the Preceding Quarter

The summary of the operational results are as follows:

	3 months ended		Changes
	30.09.2019	30.06.2019	
	RM'000	RM'000	
Operational revenue	460,430	454,453	1%
Gross profit	284,809	287,310	-1%
Profit before interest and tax	229,660	238,276	-4%
Profit before tax	211,311	218,808	-3%
Profit after tax	159,236	166,317	-4%

The Group operational revenue in 3Q19 growth by 1% compared to the preceding quarter ended 30 June 2019 (“2Q19”) mainly attributed to the growth of container volume.

The Group recorded PBT of RM211.3 million in 3Q19, down by 3% compared to 2Q19 due to higher overhead cost.

The Group PAT of RM159.2 million, down by 4% and was due to similar reasons mentioned above.

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17. Current Year's Prospects

Westports Container throughput is expected to register a double digit percentage growth rate in 2019.

18. Profit Forecast or Profit Guarantee

The Group did not provide any profit forecast or profit guarantee.

19. Tax Expense

The breakdown between current tax and deferred tax for the Group are as follows:-

	Current quarter 30.09.2019 RM'000	Financial period-to-date 30.09.2019 RM'000
Current tax	64,007	162,265
Deferred tax	<u>(11,932)</u>	<u>(11,927)</u>
	<u>52,075</u>	<u>150,338</u>

20. Status of Proposed Expansion

On 25 August 2017 the Company announced to Bursa, that its wholly-owned subsidiary, WMSB has received an Approval-in-Principle ("AIP") from the Government of Malaysia ("GOM"), to expand its container terminal facilities beyond CT9 ("Proposed Expansion"). The terms and conditions of the Proposed Expansion are subjected to further deliberations between the GOM and WMSB. In the meantime, the Company has appointed professional consultants to undertake the various studies required.

On 30 April 2018, the Company announced the acquisition of a piece of leasehold land under the sea with the size of 154.2 hectares (381 acres) from Perbadanan Kemajuan Negeri Selangor ("PKNS") after going through a successful bidding process. The Company is now evaluating the proposed acquisition of a second piece of adjacent land that would be required to facilitate the Proposed Expansion in the future.

The Company wish to update that ongoing preparations are being carried out towards the Proposed Expansion.

21. Borrowings and Debts Securities

The Group's borrowing position as at 30 September 2019 is as follows:-

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	As at 30.09.2019 RM'000	As at 31.12.2018 RM'000
Non-current		
Unsecured Sukuk Musharakah Medium Term Note ("SMTN")	1,300,000	1,400,000
Current		
Unsecured Sukuk Musharakah Medium Term Note ("SMTN")	100,000	100,000
 Total Borrowings	 1,400,000	 1,500,000

SMTN has been implemented on a clean basis and certain pledged deposits (as disclosed in the statement of cash flow) are maintained in the Finance Service Reserve Account. The above borrowings are denominated in Ringgit Malaysia.

22. Changes in Material Litigation

There was no material litigation action as at 28 October 2019, the latest practicable date which shall not be earlier than 7 days from the date of issue of this quarterly report.

23. Dividends

Save as disclosed in Note 8, the Directors did not recommend any dividend for the period ended 30 September 2019.

24. Earnings per Share

Basic earnings per share

The basic earnings per ordinary share is calculated by dividing the profit attributable to ordinary shareholders of the Company for the financial period by the weighted average number of ordinary shares in issue during the financial period.

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	3 months ended		9 months ended	
	30.09.2019	30.09.2018	30.09.2019	30.09.2018
	RM'000	RM'000	RM'000	RM'000
Profit attributable to ordinary shareholders of the Company	159,236	142,322	465,457	387,932
Weighted average number of ordinary shares in issues (million)	3,410	3,410	3,410	3,410
Basic earnings per ordinary share (sen)	4.67	4.17	13.65	11.38
<u>Diluted earnings per share</u>				

The diluted earnings per share of the Group are similar to the basic earnings per share as the Group does not have any dilutive instruments.

25. Profit Before Tax

Profit before tax for the financial period is arrived at after charging/(crediting) the following items:-

	3 months ended		9 months ended	
	30.09.2019	30.09.2018	30.09.2019	30.09.2018
	RM'000	RM'000	RM'000	RM'000
Finance costs	23,059	23,412	68,874	70,552
Finance income	(4,710)	(2,326)	(11,181)	(8,155)
Amortisation of concession assets	20,286	20,467	61,095	61,093
Depreciation of property, plant and equipment	34,372	33,720	102,557	97,708
Gain on disposal of property, plant and equipment	-	(340)	-	(716)
Dredging expenditure	5,382	781	8,094	1,562
Net realised foreign exchange (gain)/loss	26	(2,723)	255	(3,774)
Provision for retirement benefits	(342)	139	(64)	417
Impairment loss on trade receivables	262	269	440	592
Reversal of impairment loss on trade receivables	(229)	(242)	(401)	(781)

There were no other gains/losses on disposal or impairment of properties and/or derivatives included in the results for the current quarter and preceding year corresponding quarter.

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26. Fair Value Information

The carrying amounts of cash and cash equivalents, short term receivables and payables approximate their fair values due to the relatively short term nature of these financial instruments.

Fair value are categorised into different levels in a fair value hierarchy based on the input used in the valuation technique as follows:

- Level 1 – Quoted prices (unadjusted) in active markets for identical financial assets or liabilities
- Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the financial asset or liabilities, either directly or indirectly
- Level 3 – Inputs for the financial asset or liabilities that are not based on observable market data

The following table analyses financial instruments carried at fair value and those not carried at fair value for which fair value is disclosed, together with fair values and carrying amounts shown in the statement of financial position.

	Fair value of financial instrument not carried at fair value			Fair Value RM'000	Carrying amount RM'000
	Level 1	Level 2	Level 3		
	RM'000	RM'000	RM'000		
At 30 September 2019					
Financial Liabilities					
Borrowings	-	-	1,327,592	1,327,592	1,400,000
Service concession obligation	-	-	226,043	226,043	271,871
At 31 December 2018					
Financial Liabilities					
Trade and other payables	-	-	589	589	589
Borrowings	-	-	1,422,683	1,422,683	1,500,000
Service concession obligation	-	-	256,856	256,856	304,150

The fair value of the borrowings and service concession obligation are calculated based on the present value of net cash flows, discounted at the indicative market profit rate at the end of the reporting period.

27. Authorisation for Issue

This quarterly financial report was authorised for issue by the Board of Directors in accordance with a resolution of the Directors.